BRITISH COLUMBIA

BC STATS

Service BC
Ministry of Labour & Citizens' Services

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 05-43 October 28, 2005

- **Inflation rate rises to 2.4% in September**
- **BC manufacturers optimistic about fourth quarter prospects**
- **EI beneficiaries up 6.9% between July and August**

Prices

- **British Columbia's year-over-year inflation rate rose to 2.4% (the lowest among the provinces) in September as gasoline and energy costs continue to push up the Consumer Price Index (CPI).** Higher crude oil prices and uncertainty over supply capacity in the aftermath of hurricane Katrina pushed gasoline prices to record highs. Energy costs continued to climb (+15.3%) as BC consumers saw persistent price increases at the pump (+27.4%), in piped gas (+5.3%), and, as winter approaches, especially in fuel oil (+35.5%). Excluding the effects of energy, the province's inflation rate would have been 1.3% in September, slightly lower than in August.

  Transportation costs rose 7.0%, mainly as a result of the rising gas prices, pushing up the cost of operating a vehicle (+11.1%), of public transportation (+5.4%), taxi services (+6.2%) and inter-city transport (+5.4%). Consumers did, however, pay less for car insurance (-0.9%).

  Shelter prices in the province continued to rise (+1.8%), reflecting upward movement in utility costs (+2.5%) as well as higher homeowner insurance premiums (+4.7%) and property taxes (+3.7%). Renters faced an average increase of 0.3%, while homeowners paid 2.1% more for their accommodations.

  Rising prices of food purchased from restaurants (+3.6%) and from stores (+0.4%) contributed to an overall increase in the cost of food (+1.5%). Smokers paid more for tobacco (+2.1%) while alcohol cost 1.3% more than the same month last year. Consumers also paid more for household operations & furnishing (+1.5%), and health & personal care (+1.4%). Vancouver (+2.1%) and Victoria (+2.6%) and had the lowest inflation rates of all the major Canadian cities. *Data Source: Statistics Canada*

- **Canada's inflation rate was 3.4% in September.** Among the provinces, Ontario (+3.3%), Saskatchewan (+3.0%) and BC (+2.4%) faced the smallest increases in the overall price level. As was the case in BC, energy prices (+21.4%) were a major factor in the overall national inflation rate. Excluding energy, Canada's inflation rate would have been 1.6% in September. *Data Source: Statistics Canada*

The Economy

- **BC manufacturers surveyed in October remained fairly optimistic about the prospects for the fourth quarter.** Over half (58%, *seasonally adjusted*) expected to see little change in production, and 22% anticipated an increase.

  Seventy-one percent said that they thought the number of orders received in the fourth quarter would be about right while 18% expected orders to rise and 12% expected a decline. Sixty-eight percent of producers thought that inventory levels would be about right while 22% expected them to be too high. Producers weren't anticipating big changes in the backlog of unfilled orders. While 70% said employment levels will be unchanged, 18% expected job prospects to improve over the next quarter.

  Canadian manufacturers had a similar view, as more people expected production prospects to increase (17%) than to decrease (15%). Twenty-six percent of Canadian manufacturers thought inventory levels would be too high, and 10% expected that orders would fall. Job losses (15%) were thought to be more likely than job gains (13%), although most manufacturers (72%) did not anticipate much change in employment prospects. *Data Source: Statistics Canada*

Report **Where do the children play?**

Did you know...
BC produces about 3 million pounds of pumpkins a year, valued at almost $400,000

Source: BC ministry of Agriculture and Lands website

- **The number of British Columbians receiving regular employment insurance (EI) benefits increased 6.9% (*seasonally adjusted*) between July and August, rising to 51,090.** Nationally, the number of EI beneficiaries was up 7.7%, to 528,790. Alberta (+17.8%) and Quebec (+16.2%) were the provinces that posted the biggest increases, but there were more beneficiaries in every province except New Brunswick (-0.1%). Despite the upsurge over the past month, the number of Canadians receiving EI benefits was still down 7.7% from August 2004 and fell a significant 13.5% in BC. *Data Source: Statistics Canada*

Children of Immigrants

- **Second generation children of immigrants earn more and are more educated, on average, than Canadians whose parents were both born in the country.** According to a new study that investigates the link between the socio-economic status of immigrant fathers and their Canadian born children, the children of immigrants with below average financial earnings have potential for considerable upward mobility in earnings as adults. The study showed that in 2001, men aged 25 to 37 born in Canada to immigrant parents had more years of schooling and a greater likelihood of holding a university degree than men of the same age whose parents were born in the Canada. The earnings advantage for second-generation men was about +6%. Results were similar for daughters of immigrants. In 2000, Canadian-born women whose parents were also born in the country earned an average of $575 a week while Canadian-born women with immigrant parents earned about $630 weekly. Rates of employment and unemployment, however, did not differ among the second generation population and those with Canadian-born parents. At the time of the study, about 15% of the adult population in Canada was Canadian-born with one or two parents born in another country.

Data Source: SC Catalogue No.11F0019MIE 2005– no.267

Sound Recording

- **The Canadian sound recording industry experienced its worst financial performance in six years in 2003, with a 20.5% drop from 1998 to $708.7 million in revenue.** The biggest decrease occurred from 2000 to 2003 with revenue from the sale of recordings plunging 17.7%. 2003 proved a hard year for Canadian artists, whose sales plummeted 20.0% from 2000, to $110.4 million. Sales by foreign artists were also noticeably down, falling 17.3% to $598.4 million. The overall decline in sales has raised further questions about illegal file downloads and the swapping of song files. *Data Source: Statistics Canada*

The Nation

- **Canadian manufacturers' prices were marginally higher (+0.6%) this September than in the same month last year.** Petroleum and coal products (+36.1%) continued to have the strongest effect on the 12-month change. Lower prices for a range of products including primary metals (-4.6%), lumber (-14.9%), pulp and paper products (-3.8%) and motor vehicles and other transportation equipment (-5.9%) nearly offset the overall increase. Excluding petroleum and coal prices, the overall industry product price index would have been 2.4% lower than in September 2004.

  BC softwood lumber prices continued to plummet (-20.8%) with both coastal (-22.6%) and interior (-20.0%) producers receiving substantially less for their products than in September 2004. At the same time, prices for BC pulpwood chips were down 10.6%.

  Raw materials jumped 14.3% due in part to a 28.7% rise in oil and other mineral fuels. Wood (-14.4%), vegetable products (-6.3%) and ferrous materials (-3.5%) were notably lower than they had been last year. The Raw Materials Price Index excluding mineral fuels edged down 0.2%.

  The strong Canadian dollar has again had an effect on the prices of goods produced largely for export. If the impact of the exchange rate had been excluded, producer prices would have risen 3.0% over the twelve month period rather than their actual 0.6% increase.

Data Source: Statistics Canada

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Contact: Warren Munroe (250) 387-0334
Originally published in *Migration Highlights* Issue 05-2. Annual Subscription $30 +GST

Where Do the Children Play?

Overview

One of the more important demographic groups to take into consideration when looking at population change are females who are having children as their presence means that there is the potential for population increase. Where mothers choose to live can have a profound impact on population change. The migration of females during their reproductive years, as well as their fertility, highlights a major change in population growth in BC.

Not all females bear children, nor do they stay in one place. Therefore, in order to examine the impact of reproductive females it is helpful to consider the change in the number of births over time, as well as changes in fertility rates. It is also helpful to consider the migration of females, particularly those between the ages of 18 and 34, as well as the migration of young children, since families may be motivated to move after a child is born.

For BC, the total fertility rate has declined between 1987 and 2003 from 1,625 to 1,378 births per thousand women.

Births

The measure of the change in number of births does not give us a clear picture of an individuals' fertility behaviour, because it does not count people of childbearing age. The change in number of births may result from a change in the number of females of child bearing age (15-49) or a change in the propensity to bear children (fertility). A change in the number of females of child bearing age may be a result of the natural aging of the population and/or a result of migration. Nonetheless, an examination of a change in number of births by geographic area can highlight areas that are more or less attractive to families.

A look at the change in the number of births for all local health areas (LHAs) in BC shows that the vast majority of jurisdictions had fewer births in 2003 compared to 1986. This is a result of women having fewer children as well as changes in the number of females of child bearing years (15 to 49). Provincially, the average number of children each female has in her lifetime has been declining over the last few decades. For BC, the total fertility rate (TFR) has declined between 1987 and 2003 from 1,625 to 1,378 births per thousand women[1]. Nonetheless, some LHAs showed an increase in births.

[1] TFR represents the number of births 1,000 women would have over their lifetimes if they experienced the same age specific fertility rates of women, aged 15 to 49, in the time period shown in that region.

Almost all of the LHAs outside of the Lower Mainland had a decrease in births. The largest decline was for the Prince George LHA with 623 fewer births between 1986 and 2003. The only LHA with a primarily resource-based economy to show an increase was the Peace River North LHA in the north east. Prince George had a marginal increase in number of females of child bearing years (1.5%), while Peace River North had a 16% increase, primarily a result of positive net migration. It is likely that the increase in prosperity from oil and gas exploration and extraction over this time period had an influence on family formation.

LHAs with the largest decrease in number of births between 1986 and 2003

LHA NAME	DIFFERENCE
Prince George	-629
Greater Victoria	-270
Peace River South	-269
Alberni	-242
Kamloops	-199
Trail	-191
Smithers	-185
Fernie	-177
Quesnel	-173
Vancouver Island North	-167
Cariboo-Chilcotin	-152
Richmond	-138
Kitimat	-129
Powell River	-125
Terrace	-122
Prince Rupert	-118

In 2003, almost all of rural BC showed a decrease in number of births compared to 1986. The only exception was the Fort St. John area.

Out of 83 LHAs, only 16 had an increase in the number of births and all but four (Central Okanagan, Summerland, North Peace River, and Saanich) were in the Lower Mainland. Even though the total fertility rate has been declining, the Lower Mainland has experienced an increase in the number of births. The number of females age 15 to 49 grew rapidly in many of the LHAs in the Lower Mainland, in large part due to positive net migration.

Victoria and Richmond share similarities with rural BC in terms of change in number of births.

LHAs with an increase in births between 1986 and 2003

LHA NAME	DIFFERENCE
Surrey	1,515
Abbotsford	468
Burnaby	289
Vancouver	240
Central Okanagan	190
Coquitlam	156
Maple Ridge	115
New Westminster	110
Chilliwack	109
Howe Sound	64
Saanich	37
Peace River North	30
Langley	28
Summerland	12
Delta	9
Mission	7

In 2003, all but three LHAs in the Lower Mainland showed an increase in births compared to 1986.

A closer look at the Lower Mainland shows that Surrey had the greatest increase with 1,515 more births followed by Abbottsford, Burnaby, and Vancouver. Only three LHAs in the Lower Mainland had a decline in the number of births between 1986 and 2003: Richmond, North Vancouver, and West Vancouver. Of these, Richmond received the largest number of migrants, many of whom were new to Canada, but they were far less prone to reproduce than people moving to Surrey.

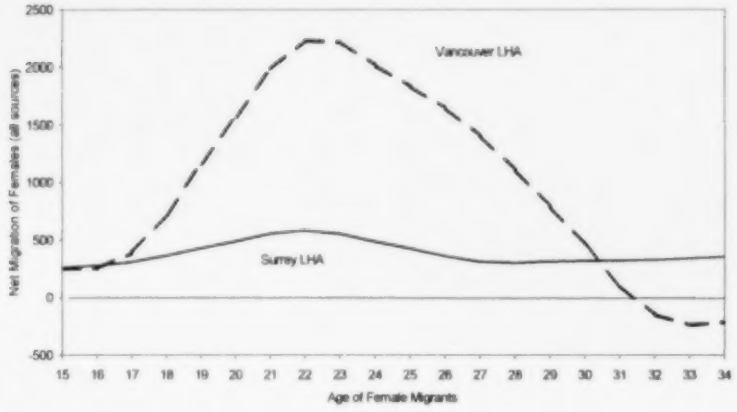
Both Richmond and Surrey are attractive to new Canadians but differ in terms of fertility.

An unusual area in the Lower Mainland is Langley where there was an increase of only 22 births between the years 1986 and 2003, much lower than its neighbours to the east and west. For families, the distance to Vancouver may be too great, but if economic activity continues to move east along the Fraser River, it is not unreasonable to assume that the number of families, and subsequently births, may rise in the future.

Net Migration

Core areas tend to be very attractive to people between 18 and 24 years of age. Migration out of the family home is most often in the direction of large urban centres for education, socialization, and employment, particularly when there are few local job opportunities. For those youth already living in core areas, migration out of the home may be deferred. After a prolonged adolescence, they may move to start a family. While net migration to the core for females 18 to 24 was highly positive between 1996 and 2001, net migration was negative for females in their early thirties.

Net migration of females, 15 to 34 between 1996 and 2001 for Surrey and Vancouver



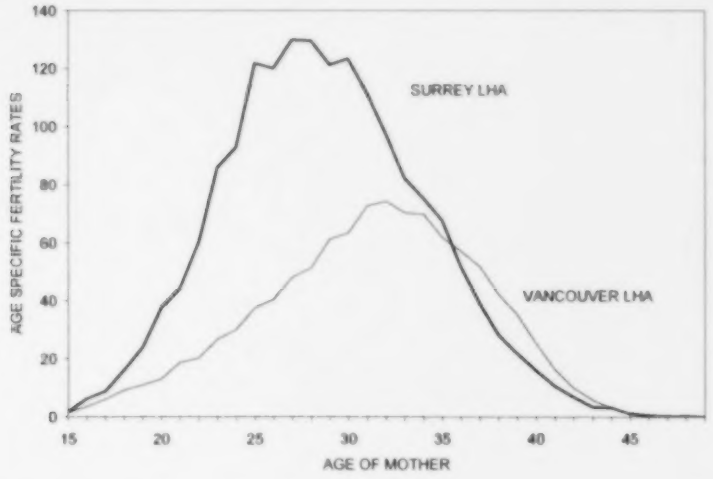
Vancouver's net migration becomes negative for females in their early thirties

Migration out of the core to the surrounding bedroom communities allows people to maintain their social and economic ties while providing for family needs. Surrey is only one of the options available for people moving out of Vancouver. It offers an affordable alternative for families and consequently the fertility rates are higher here than in Vancouver. Surrey also is home to many new Canadians. Nonetheless, the total fertility rate for Surrey was lower in 2003 compared to 1986.

Age Specific Fertility Rates

The age specific fertility rates (averaged over the years 2001 to 2003) are much higher in Surrey than in Vancouver and tend to be highest for females in their mid to late twenties, while they are highest for females in their early thirties in Vancouver. For females in their early thirties in Vancouver, net migration becomes negative.

Age Specific Fertility Rates—Surrey and Vancouver (Average over 2001 to 2003)



Over 16,000 more children moved out of Vancouver than in since the early eighties.

Child Migrants

Not only does Surrey maintain positive net migration for females in their early thirties but it is also home to far more child migrants than Vancouver. Between 1996 and 2001, there were 4,300 more 'out' migrants than 'in' migrants between the ages of 0 and 6 years for Vancouver while there were close to 1,000 more children moving into Surrey than out.

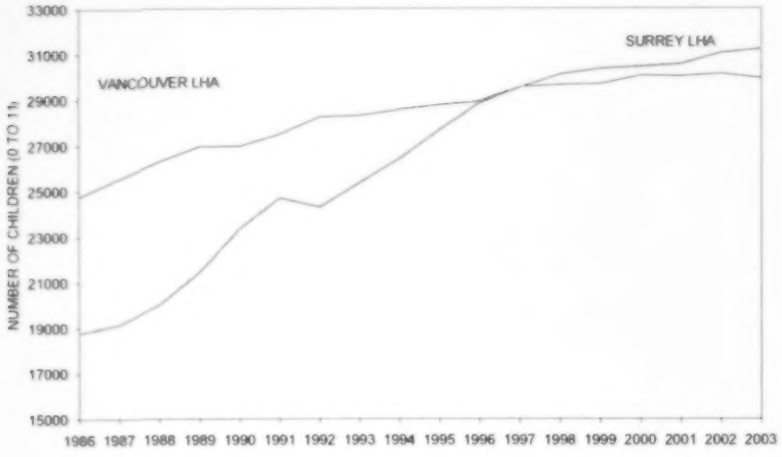
Number of net migrants 0 to 6 years of age

LHA NAME	1986	1991	1996	2001
Surrey	2,013	4,251	2,693	996
Vancouver	-3,335	-4,280	-4,250	-4,300

Close to 10,000 more children moved in to Surrey than out since the early eighties.

Combined with relatively high fertility rates, the strong in-migration has meant that the number of young children living in Surrey has grown rapidly over the last twenty years.

Population estimates of Children 0 to 11 Years of age in Surrey and Vancouver, 1986 to 2003



Summary

Between 1986 and 2003, efforts were made to encourage greater concentration of residents in the Lower Mainland in an attempt to reduce the environmental and economic costs of transportation. Higher density areas are being designed to attract and house people of all age groups, including families. Yet, while young adults may move to core areas for education, work, and socializing, they have been prone to move out when they are having and raising children. Child rearing usually occurs outside of the core areas in bedroom communities where accommoda

tions provide greater access to the ground level, are more affordable and are family-oriented. Nonetheless, more children are being born in Vancouver as well, although not to the same extent.

The continuous positive net migration of females between the ages of 15 and 34, along with higher fertility rates, and the rapid increase in the number of children in Surrey, highlights an important change in population in the Lower Mainland. Over the next thirty years, migration patterns of females of reproductive age may change, and fertility rates may also vary; however, if current trends continue, Surrey may soon be home to the largest population in BC.

Infoline

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also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jul 1/05	% change on one year ago
BC	4,254.5	1.3
Canada	32,270.5	0.9
GDP and INCOME		
(BC - at market prices)	2004	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	156,481	7.5
GDP *($ 1997 millions)*	138,783	3.9
GDP *($ 1997 per Capita)*	33,072	2.8
Personal Disposable Income *($ 1997 per Capita)*	20,002	1.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Aug	3,613	5.9
Merchandise Exports - Aug	2,922	10.2
Retail Sales - Aug	4,302	2.3
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Sep '05	% change
BC	126.5	2.1
Canada	129.1	2.2
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Sep '05	prev. month
Labour Force - BC	2,263	-0.1
Employed - BC	2,135	0.1
Unemployed - BC	128	-3.1
		Aug '05
Unemployment Rate - BC *(percent)*	5.7	5.8
Unemployment Rate - Canada *(percent)*	6.7	6.8
INTEREST RATES (percent)	Oct 26/05	Oct 27/04
Prime Business Rate	4.75	4.25
Conventional Mortgages - 1 year	5.25	4.90
- 5 year	6.00	6.40
US/CANADA EXCHANGE RATE	Oct 26/05	Oct 27/04
(avg. noon spot rate) Cdn $	1.1703	1.2257
US $ *(reciprocal of the closing rate)*	0.8541	0.8155
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Sep '05	one year ago
BC	709.12	1.6
Canada	713.23	4.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

New on our site

Small Business Profile

The 2005 edition of the Small Business Profile is now available. This annual publication provides a profile of BC's small businesses, including number of businesses, employment and GDP.

Small Business Profile 2005

http://www.bcstats.gov.bc.ca/ [*continued*]
data/bus_stat/busind/sm_bus/SBP2005.pdf

Completely revised

Economic Multipliers

(This item is in our WebStore for $75 + GST)

The purpose of this publication is to provide guidance to analysts tasked with trying to quantify economic impacts. The report provides information generated from the 2001 Provincial Input-Output model, which has been used to calculate more than 4500 different multipliers for the BC economy. The report also provides explanatory information and example analyses that should promote the correct selection and application of these multipliers.

There are many situations, however, when the best approach to economic impact estimation is not to use a multiplier, but to make use of the input-output model in a project-specific way. A secondary purpose of this report is to help analysts to recognize such situations and to invite them to contact BC STATS to request use of the model for their application.

Provincial Economic Multipliers & How to Use Them

http://www.bcstats.gov.bc.ca/pubs/pr_pem.asp

Released this week by BC STATS

- Consumer Price Index, September 2005
- Business Indicators, October 2005
- Current Statistics, October 2005

Next week

- Tourism Sector Monitor, October 2005
- Quarterly Regional Statistics, 3rd Quarter 2005

BC STATS, Ministry of Labour and Citizens' Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca